

HBI - NEWSLETTER

03 . 03 . 2022

FOCUS ON THE UKRAINE/RUSSIA CONFLICT



IMPACT ON TRANSPORTED GOODS

You will find below a focus on the consequences of the war in Ukraine on Shipping.

The sources of this information are:

[TLF Overseas](#), the magazines [L'Antenne](#) and [Le Marin](#).

Since February 24, 2022, a Russian military operation has been underway throughout the territory of Ukraine. A state of emergency has been declared throughout the country. A set of sanctions has been implemented by the European Union and the United States.

Import and export :

The European Union prohibits the sale, supply, transfer and export, directly or indirectly, of 'goods and technology suitable for use in the aviation sector or in the space industry, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for the purpose of use in this country'.

It also prohibits the provision of insurance, brokerage, reinsurance, maintenance and technical assistance services (overhaul, repair, inspection, etc.) in relation to such goods and technologies, as well as financing or financial assistance. Contracts concluded before 26 February can be executed until 28 March 2022. These sanctions are set out in a [regulation](#), published on the same day as the Council decision.

Find the complete rules here :

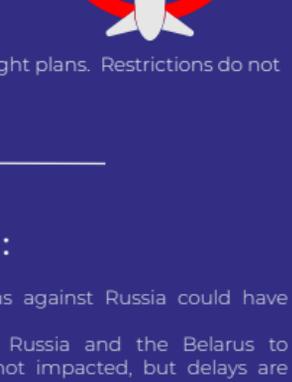
Impact on air transport :

European airspace (all EU countries) is forbidden to Russian airlines.

In response, Russia banned its airspace to 36 countries (EU, Canada, United Kingdom...).

Ukrainian, Belarusian and Moldovan airspace has been closed since Thursday 24/02.

Suspension of flights to Asia by several European and South Asian airlines (spaceflight prohibited) pending new flight plans. Restrictions do not apply to humanitarian flights.



Impact on rail transport :

The war in Ukraine and the sanctions against Russia could have impact on China-Europe rail freight.

Currently, most trains pass through Russia and the Belarus to Poland, and the service is currently not impacted, but delays are to be expected.

The railway line between Ukraine and Russia was completely destroyed.

But, according to The Loadstar, the company New Silk Road Intermodal, based in Chengdu, said there was "no danger for shipments rail to Europe via Russia through the Belarus", given that the main route is "on average, at 1,600 km from where the conflicts take place".

Some Chinese exporters prefer to stop exports via the rail for fear that the goods will be blocked or because of concerns about potential damage to cargo.



Impact on maritime transport :



Maritime transport to Russia remains allowed but is experiencing major disruptions. Containerized traffic is slightly less affected than bulk or LNG traffics, but, significant difficulties are to be expected.

You will find below a focus of the maritime situation to date :

- Changes in sea routes, by shipping lines ;
- Situation of ports, closures ;
- Impacts and risks for the Shipping.

Changes in sea routes

MSC :

MSC has been refusing all bookings to and from Ukraine since 24 February 2022. Vessels will no longer call at Ukrainian ports and the lines will implement further operational changes for vessels in the area. In any case, the voyage will end in the last port before Ukraine.

MSC will communicate directly to customers regarding the transit of goods currently located in Black Sea and Mediterranean ports.

Effective March 1, MSC temporarily ceases to accept any booking to and from Russia, covering all access routes, including the Baltic States, the Black Sea and eastern Russia.

However, MSC indicates that it continues to accept under conditions the bookings of essential goods such as food, medical equipment and humanitarian goods.

For more information :

Maersk :

The company is suspending its calls in Ukrainian ports. It also suspends all bookings to and from Russia. Containers for Odessa will be unloaded at Port Said (Egypt) and Kofes (Turkey).

Maersk has specific measures for its customers :

- Free change of destination services, except lashing and transport costs ;
- No cancellation fees for bookings to and from Ukraine ;
- Clock stop for D&D-related free time in ukrainian ports until March 3, 2022

The company is considering a possible suspension of bookings to and from Russia on sea and land routes.

For more information :

CMA-CGM :

CMA-CGM suspends calls at the port of Odessa for its BEX and BSMAR services. All bookings to and from Ukrainian ports are interrupted. On 1 March, CMA CGM also decided to suspend all bookings to and from Russia until further notice.

Floating cargo destined for Ukraine will be redirected to the ports of Constanza (Romania), Tripoli (Lebanon) or Piraeus (Greece).

For more information :

Cosco :

All bookings to or from Ukraine are stopped. The AEM3 service will omit Odessa. Goods en route will be redirected to an available port.

For more information :

Hapag-Lloyd :

The line ceased all navigation in the Black Sea, which led to a change in the routes of its BMX service. Bookings to or from Ukraine and Russia are stopped for the time being.

For more information :

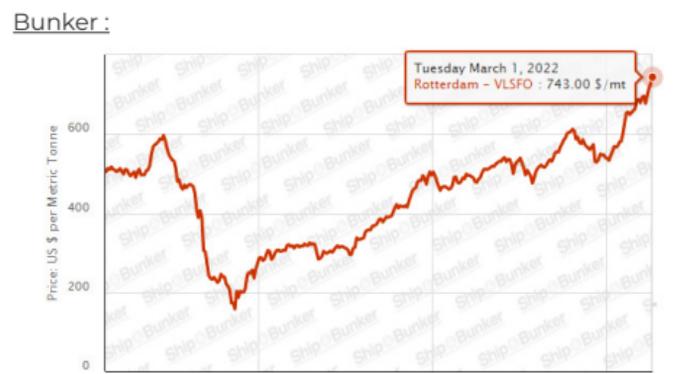
One :

All bookings for the following destinations are suspended :

- Odessa (Ukraine) ;
- Novorossiysk (Russie) ;
- Saint Petersburg (Russia) ;

For more information :

Situation of ports



Ukraine :

Russia blockaded Ukrainian ports: Odessa, Pivdennyi, Mykolaiv and Chornomorsk.

Russia :

Commercial activity is only maintained in Novorossiysk, located in the Black Sea.

All ports located in the Sea of Azov (Yeisk, Temryuk, Rostov-on-Don, Taganrog and Ust-Donetsky) are at a standstill. These ports specialize in liquid and dry bulk (oil, cereals, coal, etc.).

The European Union has adopted financial sanctions targeting certain public companies in this country. Among them: the Novorossiysk Commercial Sea Port Group (NCSP), operator of russia's largest port.

Europe :

European countries are considering closing their ports to Russian vessels (European Parliament resolution).

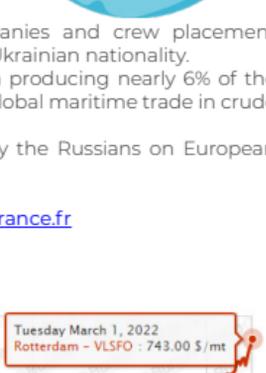
Impact on maritime transport segments

The container is the segment of sea transport least exposed to the impact of the Russian-Ukrainian crisis, compared to tankers and bulk carriers.

Ukrainian seafarers make up 14.5% of the world's merchant navy staff, according to the International Chamber of Shipping (ICS). The conflict and sanctions are expected to make it difficult for employers (shipowners, ship management companies and crew placement agencies) to pay seafarers of Russian or Ukrainian nationality.

Fuel prices are likely to rise, with Russia producing nearly 6% of the world's LNG and accounting for 5.2% of global maritime trade in crude and refined petroleum products.

In addition, the risks of cyber-attacks by the Russians on European ports and vessels are increased.



Sources : [lantenne.com](#) / [lemarin.ouest-france.fr](#)

Bunker :

On March 1, 2022, in Rotterdam the price of Very Low Sulphur Oil was at \$743/mt.

25% higher than the last high point before the coronavirus crisis in January 2020, when the IMO 2020 was set up.

We have to expect significant Bunker increases in the coming weeks.

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